

Message Text

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ACTION ARA-20

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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6399

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1. A SHORT REVIEW OF U.S. CORPORATE DEVELOPMENTS IN THE
LUMBER INDUSTRIES IS MADE WITH LIC. RICARDO REYES OF
COHDEFOR BY ECOM OFFICERS.

2. SICRE (VIKING OIL COMPANY) IS CONTINUING TO EXAMINE ITS
FUTURE IN HONDURAS. COHDEFOR, ON THE BASIS OF INFORMATION
PROVIDED BY THE COMPANY, IS EXAMINING THE POSSIBILITY
OF A STOCK PURCHASE. THIS WORK IS IN A VERY PRELIMINARY
STATE.

3. HAWTHORNE LUMBER COMPANY IS WELL ALONG TOWARD AGREEMENT
WITH COHDEFOR ON THE PATTERN OF COHDEFOR PURCHASE OF SAW
MILL LUMBER TO BE DELIVERED TO THE HAWTHORNE YARD WHERE
HAWTHORNS WILL PROCESS THE LUMBER AND PREPARE IT FOR EXPORT
FOR A FEE, RETAINING 100 PERCENT OWNERSHIP OF THE YARD,
EQUIPMENT, ETC.

4. THE ONLY U.S. COMPANY WHICH HAS PRESENTED ACCOUNTING
DATA IN ORDER TO OBTAIN PAYMENT OUT OF COHDEFOR-WITHHELD
PERCENTAGES OF EXPORT PRICES HAS BEEN THE MAYA LUMBER
COMPANY. HOWEVER, ITS PRESENTATION WAS QUITE INCOMPLETE
AND WAS NOT SUPPORTED BY ACCOUNTING DATA.

5. COHDEFOR HAS CONTRACTED WITH TWO EUROPEAN FIRMS TO
ACT AS SALES AGENTS IN EUROPE. IT IS SEEKING SALES AGENTS
FOR THE MORE SIGNIFICANT CARIBBEAN MARKETS. IT IS NOTED
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THAT THESE SALES AGENTS ARE PRIVATE COMPANIES RATHER
THAN OFFICES SET UP BY COHDEFOR TO SELL ITS WOOD IN
FOREIGN MARKETS.

6. FINANCING FOR SAW MILLS CONTINUES AS MAJOR PROBLEM.
COHDEFOR HAS BEEN OFFERED LINES OF CREDIT DIRECTLY BY
SEVERAL NATIONAL AND INTERNATIONAL BANKING INSTITUTIONS.
HOWEVER, THESE INSTITUTIONS ARE APPARENTLY SHYING AWAY
FROM PROVIDING NEW LINES OF CREDIT TO SAW MILLS.

7. IDB EXPECTED TO DO "FINAL" STUDY ON LOCATION, SIZE,
AND PRODUCTS OF "PULP AND PAPER PROJECT." COMMENT: A GOVERNMENT
DECISION BASED UPON THIS STUDY SHOULD BE FORTHCOMING
BEFORE THE END OF THIS YEAR.

SANCHEZ

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*** Current Classification *** LIMITED OFFICIAL USE

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